

EXHIBIT "D"

SCOPE OF WORK AND TECHNICAL SPECIFICATIONS

Introduction

The Ethics and Audit (EA) Division is responsible for the audit program at Los Alamos National Laboratory (LANL). EA's Audit Group (EA-Audit) is required to perform audits, including Information Technology (IT) audits, defined in an annual audit plan approved by the Laboratory Director, the Los Alamos National Security, LLC (LANS) Ethics and Audit Committee, and the National Nuclear Security Administration's (NNSA's) Contracting Officer, as stated under Contract DE-AC52-06NA25396, Section I-133.

Background

EA-Audit may need assistance and support to meet and accomplish the audit plan requirements for fiscal year (FY) 2009. The subcontract may be extended beyond (FY) 2009 by LANS, exercising an option for additional one (1) year periods, not to exceed a total of three (3) years.

1.0 SCOPE OF WORK: The Subcontractor shall assign experienced, independent, and qualified professionals/individuals to perform the following types of audits on a task basis:

1.1 Work included

1.1.1 IT Audits – independently evaluate the effectiveness and adequacy of internal controls over LANL's information systems and related resources, especially with regard to confidentiality, integrity and availability. Further, independently evaluate:

- Reliability and integrity of financial and operational data.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with laws, regulations and prime contract requirements.

Work will be defined on a task order basis.

1.2 Work not included:

NOT APPLICABLE.

1.3 Deliverables:

The Subcontractor shall provide deliverables, as defined on a task order basis, including but not limited to:

- Audit Announcement
- Audit Entrance Conference
- Audit Planning Document
- Audit Work Plan
- Periodic Project Status Meetings
- Draft Audit Report
- Audit Exit Conference
- Final Audit Report

The results for each assigned audit must be summarized in a formal audit report, including an executive summary, scope, background, and observations and recommendations.

The required completion date for the deliverables will be defined on a task order basis.

EA-Audit will review and approve deliverables completed by the subcontractor, as defined on a task order basis.

2.0 TECHNICAL REQUIREMENTS

2.1 Technical Specifications: The following specifications and technical documents are incorporated by reference herein and shall have the same force and effect as if printed in full text.

NONE.

2.2 Codes and Standards: The following codes and standards are incorporated by reference herein and shall have the same force and effect as if printed in full text.

- 2.2.1 Information Systems Audit and Control Association (ISACA) Code of Professional Ethics
- 2.2.2 ISACA Information Systems Auditing Standards
- 2.2.3 The Institute of Internal Auditors (IIA) Code of Ethics
- 2.2.4 The IIA's International Standards for the Professional Practice of Internal Auditing (Red Book)
- 2.2.5 Federal Acquisition Regulation (FAR)
- 2.2.6 Department of Energy Acquisition Regulation (DEAR)

2.3 Technical Approach: The following technical approach or methodology shall be followed in the performance of SUBCONTRACTOR'S work.

NOT APPLICABLE.

2.4 Technical Performance Requirements:

The audits must be conducted in accordance with applicable auditing standards, including but not limited to:

- The *Information Systems Auditing Standards* as prescribed by ISACA.
- The *International Standards for the Professional Practice of Internal Auditing* as prescribed by IIA.

Audit deliverables will be subject to technical review by the EA Audit Group Leader, and individual working papers may be subject to examination at the Group Leader's discretion. Audits must be completed within the agreed upon period of performance and budgeted hours outlined in task order releases.

2.5 Other Requirements:

2.5.1 Auditor Requirements

The auditors assigned to perform the work shall have at least five (5) years experience conducting IT audits and experience conducting audits in any of the following areas:

- Oracle ERP environment audits;
- Financial, operational, and compliance audits;
- Department of Energy or other governmental entity audits;
and
- Public accounting related audits.

Audit staff qualifications and experience must be provided in the format requested on a task order basis.

Audit providers and staff shall have the pre-requisite qualifications (i.e., experience and certifications) for specific audits, as defined on a task order basis.

Audit providers and staff shall have proficiency working with ISACA standards. Further, audit providers and staff shall have proficiency working with IIA or AICPA standards and knowledge of GAAP, FAR, and DEAR.

Other qualifications such as professionally recognized designations or certifications, including Certified Information Systems Auditor (CISA) and/or Certified Information Systems Security Professional (CISSP) are highly desired. In addition, other professionally recognized designations such as the Certified Internal Auditor

[CIA], Certified Public Accountant [CPA], or Certified Fraud Examiner [CFE] are desired.

2.5.2 On-Site/Off-Site Requirements

Hours of operation at LANL shall be in accordance with the Laboratory's core business hours between 8:00 AM and 5:00 PM, excluding Laboratory holidays.

The Subcontractor will be required to provide personnel office space, computers, equipment, and supplies necessary to perform assigned tasks at their work location. Periodic trips to LANL may be required during different stages of completion of the audits assigned.

Auditors will require access to proprietary and confidential information. Subcontractor personnel will obtain assignments and authorization from the LANS EA-Audit staff identified in the task order release. The information utilized to perform the audits is considered proprietary, confidential, and/or privileged and shall not be shared with any third party without the consent of the EA-Audit Manager and the Subcontract Administrator. The Subcontractor shall protect any and all proprietary information obtained during the performance of this scope of work in accordance with LANL security requirements.

Classified security clearances are not required.

Auditors will be required to follow applicable LANL security requirements and procedures for the classification level of data obtained for each audit assignment, defined on a task order basis. EA-Audit may direct specific security procedures to be followed to satisfy LANL security requirements.

2.6 **CONTRACTOR'S Policies and Procedures:** SUBCONTRACTOR shall comply with LANL policies and procedures, or parts thereof, applicable to any person who performs work at Los Alamos National Laboratory.

Please refer to Point 2.2 of this Exhibit D as well as to Exhibit F.